

No. 17

July 25, 2001

S. 1216 — Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, 2002

Calendar No. 97

Reported from the Appropriations Committee on July 20, 2001, by a 29-to-0 vote. S. Rept. 107-43.

NOTEWORTHY

- S. 1216 provides a net of \$113.36 billion in new budget authority. This amount is \$8.07 billion above the last year's enacted amount, and \$2.69 billion above the budget request. Overall, the Senate bill provides about \$86.1 billion in discretionary and \$27.3 billion in mandatory spending for FY 2002. [See attached chart.]
- At press time, the House had yet to pass its FY02 VA-HUD funding bill; the House Appropriations Committee reported a bill on July 17 by voice vote.
- For the **Department of Veterans Affairs**, the Committee provides \$51.14 billion, of which \$27.31 billion is mandatory. Veterans medical care provided under the Veterans Health Administration amounts to \$21.4 billion, which is \$1.14 billion over the FY01 amount.
- For the **Department of Housing and Urban Development**, the Committee recommendation totals \$31.02 billion, an increase of \$2.5 billion over FY01 and \$438.9 million over the request. The bill basically funds HUD's primary programs at last year's level or higher. Some of the significant differences from the Administration's request include funding the Public Housing Capital Fund at \$2.94 billion, which is \$650 million over the request (and \$50 million below the FY01 level), and funding the Public Housing Drug Elimination program at \$300 million (\$10 million below the FY01 level) although the Administration requested elimination of this program.
- For the **Environmental Protection Agency**, the Senate bill provides \$7.75 billion for FY02, which is \$435 million more than the request and \$60 million less than FY01. Superfund is increased to \$1.2 billion, the clean water State Revolving fund receives \$1.35 billion (\$500 million above the budget request), and no funds are provided for the President's proposed State Enforcement Grants.

HIGHLIGHTS

This diverse appropriation bill covers veterans, public and assisted housing (HUD), environmental protection (EPA), National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), the Federal Emergency Management Agency (FEMA), and the national service program, among others.

- The Committee gave its highest priority to veterans programs, with other priorities including maintaining environmental programs at or above current levels, ensuring adequate funds for space and scientific research programs, and providing adequate funding for emergency management and disaster relief.
- **Veterans' Funding.** In all, the bill provides \$51.14 billion for the Department of Veterans Affairs, which is up \$4.18 billion from FY01 and \$452.8 million above the budget request; the amount includes \$27.31 billion in mandatory spending and \$23.83 billion in discretionary funding. Increases above the President's request are recommended for medical care, medical research, and State home construction grants.
- **Housing Funding.** The bill funds HUD at \$31.02 billion (\$2.5 billion above FY01), retaining the same funding level for most HUD housing and community development programs. The Committee has provided significant funding for all HUD programs while also providing the needed funding, which includes \$4.2 billion in advance appropriations for FY03, for all expiring section 8 contracts. Overall, the bill provides for an increase of \$1.7 billion for all section 8 requirements, including funding for 17,000 vouchers. The Senate bill includes some \$1 billion for sections 202 elderly and 811 disabled programs, the same as the President's request. The bill also provides the President's request and FY01 level of \$1.8 billion for the HOME program and \$1.023 billion for the homeless assistance programs; and it does not include the President's set-aside of \$200 million in the HOME program for downpayment assistance.
- **EPA.** The Committee bill provides \$7.75 billion for the Environmental Protection Agency, an increase of \$435 million above the budget request and a decrease of \$60 million from the current-year level. Major changes from the Administration's request include an increase of \$500 million for clean water state revolving funds (CWSRF) instead of for sewer overflow grants (that are already eligible under the CWSRF), and no funds for the President's proposed State Enforcement Grants. The Administration's request of \$25 million for state information systems is included, and the bill reinstates \$25 million for Project Impact, which the Administration proposed eliminating.
- **FEMA.** The Committee provides \$3.28 billion for FEMA, including \$2 billion in emergency contingency funds for disaster relief.
- **NASA.** The Senate version provides \$14.56 billion for NASA, an increase of \$307.6 million

over the FY01 level and \$50 million over the budget request. These funds include a reallocation of \$428 million from the International Space Station (ISS) to other accounts to preserve existing science and technology funding that the ISS essentially has been denying from these activities. The ISS currently has over \$4 billion in cost overruns in critical path elements, such as habitation module and crew return vehicle. The bill reflects the Committee's continuing concerns with NASA's failings to manage the ISS and its inability to control costs and credibility. Thus, the bill provides \$1.68 billion for ISS development and operations.

- **National Science Foundation.** The bill provides an increase of \$256.1 million over FY01, for a total of \$4.67 billion in FY02 to reaffirm support of scientific research and education.
- **Corporation for National and Community Service.** The bill provides \$420.5 million (\$12.1 million less than last year and \$4 million above the budget request) for this agency, which oversees the AmeriCorps program.
- **Other Independent Agency Funds.** Other major expenditures in Title III include \$100 million for the Neighborhood Reinvestment Corporation; \$100 million for Community Development Financial Institutions; \$56.2 million for the Consumer Product Safety Commission; \$28.5 million for the American Battle Monuments Commission; and \$25.0 million for the Selective Service System.

BILL PROVISIONS

Veterans Affairs (VA)

Total Funding: The Committee has provided a total of \$51.14 billion for the VA, including \$27.31 billion in mandatory spending and \$23.83 billion in discretionary spending. The amount for discretionary activities represents an increase of \$452.8 million above the budget request and \$1.45 billion above the FY 2001 enacted level.

Compensation and Pensions: Provides \$24.94 billion, which is \$1.639 billion above the FY 2001 enacted level and the same as the budget request. This appropriation includes \$17.9 million for expenses related to implementing provisions of the Omnibus Budget Reconciliation Act of 1990, the Veterans' Benefits Act of 1992, the Veterans Improvements Act of 1994, and the Veterans' Benefits Improvements Act of 1996. The amount also includes funds for a projected FY02 cost-of-living increase of 2.5 percent for pension recipients.

Medical Care: Increases funding for veterans medical care by \$400 million over the request for a total of \$21.4 billion, an increase of \$1.14 billion over the FY01 level. In addition, the VA has authority to retain third-party collections estimated to total \$691 million. This provides total discretionary resources for medical care of \$22.37 billion. The Committee bill delays the availability

until August 1, 2002, of \$675 million in the equipment, lands, and structures object classifications, and makes \$900 million of the medical care appropriation available through September 30, 2003 to provide more flexibility. The Senate report raises concerns with VA's treatment of schizophrenia that would use a "fail first" approach under which physicians are required to begin treatment with the least expensive medication first and then use other drugs progressively, in order of cost, until the patient is effectively treated. The report directs the VA to report on this policy before any implementation of this or any related policy.

Construction Projects: Provides \$155.2 million for major construction projects (an increase of \$89.285 million above last year's enacted level and \$28 million less than the budget request), and \$178.9 million, the requested level, for minor projects, which is \$17.26 million above last year's level.

Medical and Prosthetic Research: This account provides funds for medical, rehabilitative, and health services research. The Committee recommends \$390 million for medical prosthetic research, an increase of \$29.8 million above the budget request and \$39.8 million above the FY01 enacted level.

Departmental Administration: Appropriates \$1.19 billion for general operating expenses, an increase of \$147.1 million over last year and equal to the requested level. This amount includes \$955.3 million for the Veterans Benefits Administration and \$239.5 million for general administration. Additional resources are made available through reimbursements totaling \$444.6 million, with total estimated obligations of approximately \$1.64 billion.

National Cemetery Administration: Recommends \$121.2 million for the National Cemetery Administration, an increase of \$11.5 million over the FY01 enacted level and the same as the budget request.

Grants for Construction of State Extended Care Facilities: Recommends \$100 million for grants for the construction of State extended care facilities, an increase of \$220,000 above last year's enacted level, and an increase of \$50 million from the budget request.

Administrative Provisions: Included in the bill are seven administrative provisions (Sections 101-107) carried in earlier bills. Also, the bill includes two new administrative provisions. The first (Section 108) allows for the reimbursement for FY02 only, of the Office of Resolution Management and the Office of Employment Discrimination Complaint Adjudication for services provided, from funds in any appropriation for salaries and other administrative expenses. This provision is agreed to on a one-year trial basis rather than as permanent authority as requested by the Administration. Also included is a new provision (Section 110) to extend the VA's Franchise Fund pilot program.

Housing and Urban Development (HUD)

Housing Certificate Fund: The Committee recommends \$15.66 billion, of which \$15.51 billion is to fund expiring Section 8 contracts, including the costs of enhanced vouchers for families that choose to continue to live in multifamily housing in which a mortgage is refinanced and the housing was previously eligible for the Preservation Program. This account includes an advance appropriation of

\$4.2 billion. The Committee includes \$98.6 million for 17,000 additional incremental vouchers instead of the Administration's request of \$197.3 million for 34,000 incremental vouchers because the Committee is concerned that vouchers do not always provide the best opportunities for low-income families to obtain affordable housing and urges that new approaches to the development of affordable housing should be considered.

Public Housing Capital Fund: The bill provides \$2.94 billion for modernization and capital needs of public housing authorities (\$650 million more than request, but \$50 million less than last year).

Public Housing Operating Fund: The bill recommends \$3.38 billion (an increase of \$150 million over last year and the same as the budget request) for the Fund.

Drug Elimination Grants for Low-Income Housing: The Committee recommends \$300 million for these grants (\$9 million less than last year), including \$3 million for technical assistance grants, and \$20 million for competitive grants under the New Approach Anti-Drug Program. The Administration has recommended the elimination of this program.

Revitalization of Severely Distressed Public Housing (HOPE VI): The Committee appropriates \$573.7 million for this account (same as the request and last year's level) and urges the Department to continue funding innovative projects that work both as public and mixed-income housing as well as revitalizing neighborhoods.

Native American Housing Block Grant: The Committee recommends \$648.6 million (same as last year and as the request) for the Native American housing block grants to help Indian Tribes address their housing needs within their communities. Of this amount, \$6 million is set aside for a credit subsidy for the section 601 Loan Guarantee Program.

Housing Opportunities for Persons With AIDS (HOPWA): An appropriation of \$277.4 million is provided, \$20 million above last year and the same as the budget request.

Urban Empowerment Zones/Enterprise Communities: The Committee provides \$75 million for this program, which is \$75 million less than last year and than the budget request. Because the Committee is concerned about the lack of oversight and accountability with regard to these funds, the HUD Inspector General is directed to develop a task force to review the use of empowerment zones with a report to Congress by July 31, 2002. (This program was enacted as part of the Taxpayer Relief Act of 1997, and the Committee believes that funding for this program is misplaced in this bill, and should be provided through the Finance Committee as mandatory funding as originally envisioned.)

Office of Rural Housing and Economic Development: An amount of \$25 million is provided for this office to support economic development in rural communities (same as last year, but the Administration did not request any funds for this account).

Community Development Fund: The bill provides \$5.01 billion for the Community Development Block Grant (CDBG) Program, \$99.4 million below last year and \$211 million below the budget request. It includes a set-aside of \$140 million within the CDBG program for the Economic

Development Initiative to finance efforts that promote economic and social revitalization. Other set-asides include \$80 million for community technology centers and \$71 million for native Americans

Home Investment Partnerships Program: This program, which provides assistance to states and local governments for the purpose of expanding the supply of affordable housing, is funded at \$1.8 billion (the same as last year and the same as the budget request). This does not include the Administration's request of a \$200 million set-aside within HOME solely for down-payment assistance: the Committee notes that this activity is already an eligible activity under HOME and does not need separate authority.

Homeless Assistance Grants: The bill provides \$1.02 billion (the same as last year and as the request) to fund the emergency shelter grants program, the supportive housing program, the Section 8 moderate rehabilitation single-room occupancy program, and the Shelter Plus Care program. In addition, the Committee has provided an additional \$99.8 million in a separate account for Shelter Plus Care renewals. Again this year the Committee includes a requirement that 30 percent of funds be allocated to permanent housing to address chronic homelessness. Also, there is a 25-percent match requirement for services to maintain a balance between homeless services and the development of permanent housing.

Housing for Special Populations: This account funds housing for the elderly under section 202 and housing for the disabled under section 811. These programs provide capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing. The Committee recommends \$1.0 billion for development of additional new subsidized housing, including capital advances of \$783.3 million for elderly housing and \$217.7 million for disabled housing. This is the same as the budget request, but provides an increase of \$4.3 million for section 202 elderly housing and an increase of \$723,000 for section 811 disabled housing over last year.

Federal Housing Administration: The Federal Housing Administration (FHA) fund covers the mortgage and loan insurance activity of about 40 HUD mortgage/loan insurance programs. The Committee includes the requested amounts for the Mutual Mortgage Insurance Program: a limitation of \$160 billion on guaranteed loans and \$250 million on direct loans, and an appropriation of \$336.7 million for administrative expenses.

Environmental Protection Agency (EPA)

Total Funding: The Committee recommends a total of \$7.75 billion for FY02, \$435 million above the budget request and \$60 million below the appropriation for FY01. Major changes from the Administration's request include an increase of \$500 million for clean water State revolving funds (the same as the FY01 level), \$1.2 billion for Superfund, \$72 million for the Leaking Underground Storage Tank fund, \$702.6 million for Science and Technology, and no funds for the President's proposed State Enforcement Program (the request was for \$25 million). The bill includes \$25 million for state information systems, which is new funding proposed by the Administration. The bill also reinstates \$25 million for Project Impact, a program slated for elimination by the Administration.

Science and Technology: The Committee provides \$702.6 million for science and

technology, a decrease of \$29.3 million from last year, and an increase of \$25 million from the budget request.

State Assistance Program: The Committee appropriates \$3.6 billion for state and tribal assistance grants, a decrease of \$17.7 million from the FY01 enacted level, and an increase of \$314.3 million above the request. The Committee provides \$850 million for drinking water state revolving funds; \$1.35 billion for clean water state revolving funds (an increase of \$500 million over the budget request); \$140 million for special needs infrastructure grants, and \$75 million for water and wastewater projects on the U.S.-Mexico border. The President had requested \$25 million for a State Enforcement Grant Program, and \$500 million for a sewer overflow grant program, activities which the Committee notes are eligible under the CWSRF program.

Environmental Programs and Management: This account includes the development of environmental standards; monitoring and surveillance of pollution conditions; direct federal pollution control planning; preparation of environmental impact statements; and compliance assurance. For these activities, \$2.06 billion is appropriated, a decrease of \$21.4 million from last year, and \$89 million above the budget request.

Superfund: The Committee recommends \$1.275 billion for the Superfund program, which is \$6.5 million more than the Administration request and \$107 million more than FY01. This includes \$640.1 million from general revenues and the balance from the trust fund.

Oil Spill Response: The Committee recommends \$14.99 million for the oilspill response fund, \$19,000 above both the FY01 level and the budget request.

Leaking Underground Storage Tank Trust Fund: The Committee includes \$71.95 million for the Leaking Underground Storage Tank Program, which is \$10,000 more than both the FY01 amount and the budget request.

Federal Emergency Management Agency

The bill provides a total of \$3.3 billion, which includes \$2 billion in emergency disaster relief expenditures (the Administration requested \$1 billion in emergency disaster funding). It includes \$259.6 million for emergency management planning and assistance, \$139.7 million for Emergency Food and Shelter, \$203.8 million for salaries and expenses, and \$10.3 million for the Inspector General. The bill includes \$150 million in firefighting grants, an increase of \$50 million from FY01 and the budget request.

National Aeronautics and Space Administration (NASA)

Total Funding: The bill fully provides \$14.56 billion for NASA, an increase of \$307.5 million above last year and \$50 million above the budget request. The Committee has transferred the research program of the International Space Station (ISS) from the Human Space Flight Account to the Science, Aeronautics and Technology Account to protect these research funds from paying for ISS overruns. At the request of the Administration, the Committee has merged "Mission Support" into NASA's two

other primary accounts as part of NASA's transition to full-cost accounting. All other ISS programs will remain with the Human Space Flight account. (For a detailed discussion of the Committee's changes in the NASA budget structure see S. Rept. 107-43, pp. 98-111.)

Human Space Flight: The Committee provides \$6.87 billion for these activities, which is \$428 million below the request. It includes a cap of \$1.78 billion for ISS development and operations. Bill language establishes annual spending limits on Station development and operations in the aggregate amount of \$6.68 billion from FY02 to FY06.

Science, Aeronautics and Technology: The Committee increases funding for this account to \$7.67 billion to improve commercial competitiveness, an increase of \$478 million above the budget request and \$1.5 billion above last year's level. The Committee expects NASA to develop a long-term plan to partner with U.S. universities and industry in a variety of NASA-related science research, including research related to nanotechnology, information technology and remote sensing.

National Science Foundation

The Committee recommends \$4.67 billion, an increase of \$256.1 million over last year and \$200 over the budget request to support scientific research and development. The Committee has included \$3.45 billion for research and related activities, \$108.8 million for acquisition, construction and procurement of Major Research Equipment, \$872.4 million for Education and Human Resources, \$170 million for salaries and expenses, and \$6.76 million for the NSF Inspector General.

Corporation for National and Community Service

For the Corporation for National and Community Service, the Committee appropriates a total of \$420.5 million (\$12.1 million less than last year and \$4 million above the request). Of this amount, \$240.5 million is for grants under the National Service Trust, including the AmeriCorps program; \$10 million is for the Points of Light Foundation; \$25 million is for the Civilian Community Corps; \$43 million is available for school-based and community-based service-learning programs; \$23.5 million is for innovation activities; \$31 million is for administrative expenses; \$15 million is for the new Veteran's Mission for Youth Program; \$5 million is for audits and other evaluations; \$7.5 million is for America's promise; \$1.5 million is for Parents as Teachers; \$2.5 million is for the YMCA; \$1 million is for Teach For America; and \$5 million is for Communities in Schools.

POSSIBLE AMENDMENTS

At press time, no amendments were known.

Staff Contacts: Dr. Yvonne Bartoli, Judy Myers, and John Peschke, 224-2946

Attachment: Chart